

Does Sustainability Reporting via Accounting Information System Influence Investment Decisions in Iraq?

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This research aims to study the impact of reporting on sustainability according to GRI indicators in the economic decisions of investors, applied to the banks and industry sectors listed on the Iraq Stock Exchange. The research variables were quantified based on the models developed by the relevant literature. A range of control variables were used (firm age, leverage, Market earnings per share, company size, return on equity, return on assets, MTB and earnings per share). The study included all companies belonging to the banking and industry sectors listed on the Iraq Stock Exchange for 2017. The results show that there is no statistically significant effect of reporting sustainability on the economic decisions of investors, as well as the absence of influence of the control variables in those decisions. The research examined several determinants, the most important of which is the small size of the research community represented in the Iraqi banks and industry sectors listed in the financial market. The need to adopt GRI standards for reporting sustainability as adapted to suit the Iraqi environment requires local companies to report these standards in their financial reports. This study is also useful for investors because of the need to educate them about the importance of benefiting from reporting on sustainability in their economic decisions. The relevant literature revealed that this study is the first attempt to test the impact of sustainability reporting on investors' economic decisions.

Key words: *Sustainability reporting, investment decisions, financial reports, accounting information system.*



Introduction

Corporate orientation towards activities that contribute to sustainable development has emerged as an important dimension of corporate voluntary practice. The CSP measures the extent to which a company adopts economic, environmental, social and governance factors in its operations, and ultimately the impact of this on the company and society. Participation in activities that promote sustainable development is increasingly seen as a source of competitive advantage for the company (Lourenço et al., 2012).

Companies are also largely accountable for the impact of their activity on the community. However, it is often difficult for external stakeholders to assess the actual sustainability performance of the company. Therefore, to minimise information asymmetry between companies and their stakeholders, companies are expected to comply with sustainability transparency standards. Accordingly, sustainability and CSR reports have become a major theme in management and accounting (Hahn & Lülfs, 2014).

As the number of CSR reports continues to grow, global companies are announcing their efforts to enhance their environmental and social performance, known as sustainability, and to meet growing pressure to do more to promote environmental and social responsibility. Companies are therefore developing new communication methods and attempting to integrate sustainability in strategic performance measurement systems (Gates & Germain, 2010). Therefore, CSR reports aim to report on the environmental, social and economic performance of the organisation (Hodge, Subramaniam & Stewart, 2009). Sustainability reports have become commonplace for companies around the world in recent years. They issue sustainability reports to provide information on non-financial aspects of their performance as well as the financial aspects (Kılıç & Kuzey, 2017).

Many corporate managers and academic researchers argue that companies that develop a focus on sustainability may also improve their financial performance (Kurapatskie & Darnall, 2013). Companies with superior social performance attract investors, and companies have been very willing to issue CSR reports in recent years as this leads to a reduction in capital costs, as long-term corporate reputation and sales can suffer due to poor CSR performance (Almagtome, Almusawi & Aureaar, 2017; de Miguel Guzmán et al., 2018; Dhaliwal et al., 2011).

Literature Review

Concepts and infrastructures of CSR and corporate sustainability have spread rapidly over the past decade. In recent years, the concept of corporate sustainability, which includes social and environmental issues, has been introduced. Both share the same vision of balancing economic, social and environmental responsibilities (Chen, 2017; Montiel, 2008). Disclosure of economic, environmental and social performance is common, comparable and similar to

financial reporting, and is also important for institutional success (Al-Wattar, Almagtome & Al-Shafeay, 2019; Bergman, Taheri & Henriksson, 2010; Safa, 2018). In recent years, researchers have paid increasing attention to sustainability as a strategy for new businesses, small businesses and large corporations (Ali, Almagtome & Hameedi, 2019; Almagtome, 2015; Mohd, Rahman, & Yaacob, 2018; Once & Almagtome, 2014, 2015; Titisari, Susanto & Prajitiasari, 2018). They point out that sustainable development is perhaps the most prominent theme of this era (Khaghaany, Kbelah & Almagtome, 2019; Parhankangas, McWilliams & Shrader, 2015). Ameer and Othman (2012) show that companies with sustainable practices are superior in terms of ethical practices, employees, environment and customers, and their financial performance is higher than those that do not have these practices. These statistics came from selecting 100 companies from the best global sustainable companies. Carp et al. (2019) indicate that the impact of management on sustainability-related activities (integrated reporting of economic, social and environmental information) and the quality of published reports on some indicators related to the company's growth (price ratio) to the book value, sales growth and cost of capital), through a sample of companies listed on the Bucharest Stock Exchange for six years (2012–17), indicates a reduced impact of sustainable reports on the company's growth indicators. Investors, lenders and partners argue that sustainability reports are insufficiently documented, and have low capacity to influence decision-making.

Cheng, Green and Ko (2014) point to the impact of the strategic importance of disclosed sustainability information and its impact on investors' investment decisions, and concludes that when sustainability indicators are highly relevant to the company's strategy, this increases investors' willingness to invest. Hodge et al. (2009) show that the importance of providing assurances about sustainability reports submitted by companies, and demonstrate that it affects users' perceptions of the reliability of sustainability reports. Providing assurance improves the reliability of environmental and social information, especially if such assurance is provided by a first-class accounting firm.

Holm and Rikhardsson (2008) suggest that environmental information that is disclosed in investor decisions has a significant impact. They also note that investors make short- and long-term decisions to allocate their investments based on financial and environmental information. Reimsbach and Hahn (2015) indicate that companies reporting negative issues related to sustainability does not affect investment decisions and share prices, but it does affect investment decisions and share prices if adverse events related to sustainability are reported by a third party.

Berthelot, Coulmont and Serret (2012) indicate that there is a link between the impact of the quality of sustainability disclosure and the value of the company, and conclude that there is a negative relationship between the quality of sustainability reports and the value of the company,

and that the reason for is because companies use disclosure of sustainability in the falsification of performance; sustainable activities can also be at the expense of increased profits.

In his study of a sample of 95 US. listed companies, Whetman (2018) explains that there is a positive and significant impact from reporting sustainability in the company's return on equity, return on assets and profit margin the following year. Alon and Vidovic (2015) show a relationship between sustainability disclosure and corporate reputation, and demonstrate that well-performing companies have sustainability disclosure. In light of the above research, the current project attempts to complete what the previous researchers revealed by studying the impact of disclosure of sustainability in the performance and profitability of the company and the market returns of shares, and thus the impact of this on investor decisions (Figure 1).



Figure 1. Effect of the sustainability reporting on investor decisions

Based on the above discussions and the results of previous studies, this article argues that sustainability reporting influences the investment decisions of Iraqi investors. Therefore, the current study aims to investigate the following main hypothesis:

H1: There is a statistically significant effect of sustainability reporting on the economic decisions of investors.

This hypothesis includes four sub-hypotheses:

H1.1: There is a statistically significant effect on the economic decisions of investors of reporting the economic aspect of sustainability.

H1.2: There is a statistically significant effect on the economic decisions of investors of reporting the environmental aspect of sustainability.

H1.3: There is a statistically significant effect on the economic decisions of investors of reporting the social aspect of sustainability.

H1.4: There is a statistically significant effect on the economic decisions of investors of reporting the governance aspect of sustainability.

Methodology

The qualitative method was used to examine the main hypothesis of this study and the outcomes reached. The research sample covers 29 companies and contains 17 Iraqi banks and 12 manufacturing firms listed on the Iraq Stock Exchange for the year ended 31 December 2017. The independent variables are the sustainability reporting rate, economic reporting, environmental reporting, social reporting and reporting on governance. The sustainability reporting index comprises four sub-variables that emphasise the core elements of sustainability reporting: economic, environmental, social and governance. The control variables are: firm age, leverage, market earnings per share, company size, return on equity, return on assets, MTB and earnings per share.

A criterion was developed for the classification of G4 reporting measures for reporting of economic, environmental, social and governance factors. The sustainability metric used in this article contains 241 indicators divided across four facets – economic 27, environmental 72, social 69 and 73 governance – focused on the G4 initiative (Table 1).

Table 1: Variables of the study

Variable	Variable name	Variable sub-name	Measurement method
Independent variable	Sustainability reporting	Reporting on the economic side	Items disclosed by GRI indicators
		Environmental reporting	Items disclosed by GRI indicators
		Social reporting	Items disclosed by GRI indicators
		Governance reporting and public disclosures	Items disclosed by GRI indicators
Dependent variable	Economic decisions for investors		Number of shares traded during the period
Control variables	Age		Age in months from establishment date to end of 2017
	Leverage		Total assets to total liabilities
	Market earnings per share		$MR = \frac{EP - BP - D}{BP}$
	Company size		Natural logarithm of total assets
	Return on equity		Net income to equity
	Return on assets		Net income to total assets
	MTB		Ratio of market value of shares to book value
Earnings per share		Net operating profit ÷ Number of shares	

After the measurement of the variables used in the study, the descriptive statistics of the variables are summarised in Table 2.

Table 2: Descriptive statistics

Descriptive Statistics					
	N	Min.	Max.	Mean	Std. deviation
Sustainability	29	.008	.124	.06353	.027030
Economic decisions	29	7.426	10.901	9.42938	.902207
Market return	29	-.467	.900	.02934	.335751
Earnings per share	29	-1.054	.458	.00762	.240207
Return on equity	29	-1.188	1.719	.03287	.412831
Return on assets	29	-6.028	45.963	8.00506	12.241033
Age	29	110	669	303.40	150.214
lev	29	.020	5.099	.57198	.928943
Size	29	8.327	11.508	9.14242	.656127
Market to book value	29	.282	11.352	1.32931	2.086534
economic	29	.0000	.1850	.058690	.0458702
environmental	29	.0000	.1110	.020655	.0318470
social	29	.0000	.0580	.021172	.0121334
Governance and public	29	.0270	.2050	.147310	.0408168
Valid N (listwise)	29				

The most important aspect of the descriptive statistics in Table 2 is that the sample size for all variables is 29 observations, which means there are no extreme values between the data.

Results

Table 3 shows the self-correlation matrix between the variables used in the study.

Table 3: correlation matrix

Governance & Public	social	environmental	economic	Market to book value	Size	lev	Age	Return on Assets	Return on Equity	Earning per share	Market return	Economic decisions	Sustainability	
0.872**	0.895**	0.903**	0.883**	0.197	0.722**	0.271	0.449*	-0.436	-0.046	-0.413	-0.061	-0.354	1	Sustainability
-0.210	-0.454	-0.362	-0.391	-0.560	-0.234	0.080	-0.534	0.355	0.077	-0.028	-0.162	1		Economic decisions
0.014	-0.126	-0.120	-0.046	0.013	-0.173	-0.042	-0.064	-0.030	0.008	0.347	1			Market return
-0.281	-0.492	-0.382	-0.448	0.100	-0.167	-0.180	-0.173	0.159	0.436*	1				Earning per share
-0.077	-0.094	0.087	-0.152	0.100	-0.105	0.693**	0.223	0.035	1					Return on Equity
-0.238	-0.476	-0.454	-0.563	-0.261	-0.407	-0.103	-0.507**	1						Return on Assets
0.271	0.468*	0.569**	0.347	0.405*	0.305	0.450*	1							Age
0.181	0.236	0.380*	0.125	0.063	-0.002	1								lev
0.556**	0.703**	0.683**	0.728**	0.228	1									Size
0.084	0.305	0.223	0.228	1										Market to book value
0.627**	0.898**	0.827**	1											economic
0.612**	0.886**	1												environmental
0.621**	1													social
1														Governance & Public

*. Correlation is significant at the 0.05 level (2-tailed).

** . Correlation is significant at the 0.01 level (2-tailed).

Table 3 shows the weak self-correlation coefficients between the majority of variables. This indicates that the data measure different dimensions. Before analysing the hypotheses, the researchers confirmed that there was no problem with linear interference in the data of variables (independent and control) through the test of linear interference test (multicollinearity, or the so-called diagnostics collinearity). Guided by two indicators, the factor of variance inflation factor (VIF) and Factor Inflationary Variance Tolerance Using SPSS, the results were as shown in Table 4.

Table 4 shows that all VIF values are less than 10, and all tolerance values are greater than 0.1. This indicates that there is no problem with linear interference between the data of variables (independent and control) of the study, which is a condition of conducting multiple linear regression analysis.

Table 4: Collinearity statistics of the variables

Variable	Collinearity statistics	
	Tolerance	VIF
Sustainability	.147	1.001
Economic	.109	9.213
Environmental	.129	7.766
Social	.103	9.682
Governance and public	.512	1.955
Market return	.615	1.626
Earnings per share	.191	5.229
Age	.379	2.639
Leverage	.664	1.507
Return on equity	.169	5.902
Return on assets	.479	2.089
Size	.329	3.044
Market to book value	.664	1.507

In addition, a one-Sample Kolmogorov-Smirnov Test was carried out to find out the normal distribution of data because this is a condition to be met in the data before the analysis of linear regression. The results are shown in Table 5.

Table 5: One-sample Kolmogorov-Smirnov test

One-Sample Kolmogorov-Smirnov Test																
Governance & Public	social	environmental	economic	Market to book value	Size	lev	Age	Return on Assets	Return on Equity	Earning per share	Market return	Economic decisions	Sustainability	N		
29.000	29.000	29.000	29.000	29.000	29.000	29.000	29.000	29.000	29.000	29.000	29.000	29.000	29.000	29.000		
0.147	0.021	0.021	0.059	1.329	9.142	0.572	303.397	8.005	0.033	0.008	0.029	9.429	0.064	Mean	Normal Parameters ^a , b	
0.041	0.012	0.032	0.046	2.087	0.656	0.929	150.214	12.241	0.413	0.240	0.336	0.902	0.027	Std. Deviation		
0.124	0.343	0.328	0.234	0.308	0.169	0.343	0.213	0.228	0.325	0.306	0.141	0.111	0.235	Absolute		Most Extreme Differences
0.079	0.343	0.328	0.234	0.254	0.169	0.343	0.213	0.228	0.325	0.231	0.141	0.087	0.235	Positive		
-0.124	-0.243	-0.258	-0.146	-0.308	-0.136	-0.276	-0.099	-0.199	-0.320	-0.306	-0.070	-0.111	-0.097	Negative		
0.670	1.850	1.766	1.258	1.658	0.911	1.845	1.149	1.227	1.750	1.650	0.758	0.599	1.265	Kolmogorov-Smirnov Z		
0.760	0.002	0.004	0.085	0.008	0.378	0.002	0.143	0.098	0.004	0.009	0.613	0.865	0.082	Asymp. Sig. (2-tailed)		
a. Test distribution is Normal.																
b. Calculated from data.																

Although the results indicate that the significance of some variables is less than 0.05, which means that the initial data does not approach the normal distribution, based on the theory that

as long as the data represent the entire study population, they exceed the requirement to follow the normal distribution. After confirming that the condition had passed the non-linear overlap and making sure of the weak bilateral self-correlation and normal distribution, a regression analysis was carried out to test the study hypotheses.

Main hypothesis of the study

For the purpose of testing the main hypothesis, the model of the multiple linear regression model was formulated as follows:

$$ED_{it} = B_0 + B_1 SU_{it} + B_2 Size_{it} + B_3 Lev_{it} + B_4 Age + B_5 ROE_{it} + B_6 ROA_{it} + B_7 MR_{it} + B_8 EPS_{it} + B_9 MTB + \varepsilon_{it}$$

equation (1)

Using SPSS, the results were as shown in Table 6.

Table 6: Results of the main hypothesis

Model	R	R ²	Adjusted R ²		Std. error of the estimate		Durbin-Watson	
1	.762 ^a	.581	.414		.690784		1.796	
		Sum of squares	df	Mean Square	F	Sig.		
	Regression	13.248	8	1.656	3.470	.011 ^a		
	Residual	9.544	20	.477				
	Total	22.791	28					
		Unstandardised coefficients		Standardised Coefficients				
		B	Std. Error	Beta	t	Sig.		
	(Constant)	10.770	.532		20.241	.000		
	Sustainability	-6.595	6.125	-.198-	-1.077	.294		
	Lev	.464	.329	.478	1.413	.173		
	Age	-.003	.001	-.516	-2.487	.022		
	Return on equity	-.296	.779	-.135-	-.380	.708		
	Return on assets	-.003	.013	-.043	-.241	.812		
	Market return	-.544	.455	-.202	-1.196	.246		
	Earnings per share	.217	1.079	.058	.201	.843		
	Market to book value	-.148	.071	-.343	-2.094	.049		

Table 6 shows that the correlation value (R) between the variables was 0.762, which is a high value, and the determinant coefficient R² was 0.581, which represents the explanatory power of the model used – that is, the independent variable and the control variables account for 58.1 per cent of the change in the independent variable (economic decisions). The error of the

estimate was 690784.0, which is a very low number, and the lower this type of error the better statistically; the value of Durbin-Watson amounted to 1.796. The calculated value of F is 3.470, which is greater than the value of the degrees of freedom table (20,8) calculated at 2.45 at a level of 5 per cent, and the level of the total test significance was 0.011, which is less than the value of the accepted error in social sciences and predetermined by 0.05, which indicates the suitability of the statistical model used. The table also indicates that the value of the regression coefficient (which measures the impact of sustainability reporting) is 6.595, with a significant level of 0.294, which is greater than 0.05, meaning that it is not statistically significant. The statistical aspect impacts the economic decisions of Iraqi investors.

Regarding the effect of the control variables included in the regression equation model, almost all of them had no statistically significant effect on the market returns of stocks since their level of significance was much greater than the predetermined level of significance of 0.05, except for the variable of the ratio of market value to book value, as its effect was statistically significant.

The first sub-hypothesis

For the purpose of testing this hypothesis, the model of the multiple linear regression model was formulated as follows:

$$ED_{it} = B_0 + B_1 Ec_{it} + B_2 Size_{it} + B_3 Lev_{it} + B_4 Age + B_5 ROE_{it} + B_6 ROA_{it} + B_7 MR_{it} + B_8 EPS_{it} + B_9 MTB + \varepsilon_{it}$$

equation (2)

Using SPSS, the results were as shown in Table 7, which shows that the correlation value (R) between the variables was 0.797, which is a high value, and the coefficient of determination R Square was 0.635, which represents the explanatory power of the model used – that is, the independent variable and the control variables account for 63.5 per cent of the change in the independent variable (economic decisions). The error of the estimate was 661499.0, which is a very low number, and the lower this type of error the better statistically; the value of Durbin-Watson amounted to 2.00. The calculated value of F is 3.676, which is greater than the value of the degrees of freedom table (19,9) of 2.42 at a 5 per cent level, and the level of significance was 0.008, which is less than 0.05, which is a predetermined error in social sciences, indicating the suitability of the statistical model used.

Table 7: Results of sub-hypothesis 1

Model	R	R ²	Adjusted R ²	Std. error of the estimate	Durbin-Watson		
1	.797 ^a	.635	.462	.661499	2.000		
Model	Sum of squares		df	Mean Square	F	Sig.	
1	Regression		14.477	9	1.609	3.676	.008 ^a
	Residual		8.314	19	.438		
	Total		22.791	28			
		Unstandardised coefficients		Standardised coefficients			
		B	Std. Error	Beta		T	Sig.
(Constant)		7.152	2.637			2.712	.014
Economic		– 11.118	5.513	–.565		–2.017	.058
Size		.447	.317	.325		1.410	.175
Lev		.372	.317	.383		1.173	.255
Age		–.004	.001	–.600		–3.023	.007
Return on equity		.020	.764	.009		.027	.979
Return on assets		–.01	.014	–.150		–.797	.435
Market return		–.247	.472	–.092		–.523	.607
Earnings per share		–.674	1.159	–.179		–.582	.568
Market to book value		–.133	.069	–.308		–1.935	.068

Table 7 also indicates that the value of the regression coefficient (which measures the impact of reporting on the economic side of sustainability) is 11.11 and the significance level is 0.058, which is greater than 0.05, which is not statistically significant; on this basis, thus leading to the rejection of the study's hypothesis – that is, the reporting of the economic aspect of sustainability does not have a statistically significant impact on the decisions taken by Iraqi investors.

Regarding the effect of the control variables included in the regression equation model, all of them did not have a statistically significant effect on the market returns of the stocks since their level of significance was much greater than the predetermined level of significance of 0.05, with the exception of the age variable of the company as its effect was statistically significant.

The second sub-hypothesis

For the purpose of testing this hypothesis, the model of the multiple linear regression model was formulated as follows:

$$ED_{it} = B_0 + B_1 En_{it} + B_2 Size_{it} + B_3 Lev_{it} + B_4 Age + B_5 ROE_{it} + B_6 ROA_{it} + B_7 MR_{it} + B_8 EPS_{it} + B_9 MTB + \varepsilon_{it}$$

equation (3)

Using SPSS, the results were as shown in Table 8.

Table 8: Results of sub-hypothesis 2

Model	R	R ²	Adjusted R ²		Std. error of the estimate		Durbin-Watson		
1	.769 ^a	.591	.397		.700535		1.812		
Model	Sum of squares		df		Mean Square	F	Sig.		
1	Regression		13.467		9	1.496	3.049	.020 ^a	
	Residual		9.324		19	.491			
	Total		22.791		28				
		Unstandardised coefficients			Standardised coefficients		t	Sig.	
		B	Std. Error		Beta				
(Constant)		8.113	2.903				2.795	.012	
environmental		-9.730	7.769		-.343		-1.252	.226	
Size		.255	.317		.185		.803	.432	
Lev		.474	.334		.488		1.422	.171	
Age		-.003	.001		-.467		-2.125	.047	
Return on equity		-.163	.799		-.075		-.204	.841	
Return on assets		.000	.014		-.010		-.056	.956	
Market return		-.481	.474		-.179-		-1.014	.323	
Earnings per share		.044	1.122		.012		.039	.969	
Market to book value		-.156	.072		-.361		-2.173	.043	

Table 8 shows that the correlation value (R) between the variables was 0.769, which is a high value and the coefficient of determining R Square was 0.591, which represents the explanatory power of the model used. The error of the estimate was 700535.0, which is a very low number. The calculated value of F is 3.049, which is greater than the value of the degrees of freedom table (19,9) of 2.42 at a 5 per cent significance level, and the significance level was 0.02, which is less than the predetermined error value in the social sciences by 0.05, which indicates the suitability of the statistical model. The table also indicates that the value of the regression coefficient (which measures the effect of reporting on the environmental side of sustainability) is 9.73, with a significant level of 0.226, which is greater than 0.05, meaning that it is not statistically significant. It has a statistically significant effect on the economic decisions of Iraqi investors. Regarding the effect of the control variables included in the regression equation model, almost none of them had a statistically significant effect on the market returns of the stocks since their level of significance was much greater than the predetermined level of significance of 0.05, excluding the variable ratio of market value to book value, as its effect is statistically significant.

The third sub-hypothesis

For the purpose of testing this hypothesis, the model of the multiple linear regression model was formulated as follows:

$$ED_{it} = B_0 + B_1 So_{it} + B_2 Size_{it} + B_3 Lev_{it} + B_4 Age + B_5 ROE_{it} + B_6 ROA_{it} + B_7 MR_{it} + B_8 EPS_{it} + B_9 MTB + \varepsilon_{it}$$

equation (4)

Using SPSS, the results were as shown in Table 9.

Table 9: Results of sub-hypothesis 3

Model	R	R ²	Adjusted R ²	Std. error of the estimate	Durbin-Watson	
1	.811 ^a	.658	.495	.640837	2.227	
Model		Sum of squares	Df	Mean square	F	Sig.
1	Regression	14.989	9	1.665	4.055	.005 ^a
	Residual	7.803	19	.411		
	Total	22.791	28			
		Unstandardised coefficients		Standardised coefficients		
		B	Std. Error	Beta	t	Sig.
	(Constant)	7.035	2.464		2.855	.010
	Social	-46.026	19.486	-.619	-2.362	.29
	Size	.463	.293	.337	1.580	.131
	Leverage	.427	.305	.439	1.400	.178
	Age	-.003	.001	-.502	-2.612	.017
	Return on equity	-.051	.732	-.023	-.070	.945
	Return on assets	-.004	.012	-.051	-.302	.766
	Market return	-.335	.440	-.125	-.762	.455
	Earnings per share	-.737	1.103	-.196	-.668	.512
	Market to book value	-.113	.068	-.262	-1.664	.112

Table 9 shows that the correlation value (R) between the variables was 0.811, which is a high value, and that the coefficient of determination R² was 0.658, which represents the explanatory power of the model used – that is, the independent variable and the control variables account for 65.8 per cent of the change in the independent variable (economic decisions). The error of the estimate was 640837.0, which is a very low number, and the lower this type of error the

better statistically; the value of Durbin-Watson amounted to 2.227. The calculated value of F is 4.055, which is greater than the value of the degrees of freedom table (19,9) of 2.42 at a level of 5 per cent, and that the level of the total test significance was 0.005, which is less than the value of the accepted error in social sciences and predetermined by 0.05, indicating the suitability of the statistical model used. The table also indicates that the value of the regression coefficient (which measures the impact of reporting on the social aspect of sustainability) is 46.026, with a significant level of 0.29, which is greater than 0.05, meaning that it is not statistically significant. It has a statistically significant effect on economic decisions only for Iraqi investors.

Regarding the effect of the control variables included in the regression equation model, almost all of them had no statistically significant effect on the market returns of the stocks since their level of significance was much greater than the predetermined level of significance of 0.05, except for the variable of the age of the company, where the impact was statistically significant.

The fourth sub-hypothesis

For the purpose of testing this hypothesis, the model of the multiple linear regression model was formulated as follows:

$$ED_{it} = B_0 + B_1 GP_{it} + B_2 Size_{it} + B_3 Lev_{it} + B_4 Age + B_5 ROE_{it} + B_6 ROA_{it} + B_7 MR_{it} + B_8 EPS_{it} + B_9 MTB + \varepsilon_{it}$$

equation (5)

Using SPSS, the results were as shown in Table 10, which shows that the correlation value (R) between the variables was 0.753, which is a high value and the determinant coefficient R^2 was 0.567, which represents the explanatory power of the model used – that is, the independent variable and the control variables account for 56.7 per cent of the change in the independent variable (economic decisions). The error of the estimate was 720563.0, which is a very low number, and the lower this type of error the better statistically; the value of Durbin-Watson amounted to 1.66. The calculated value of F is 2.766, which is greater than the value of the degrees of freedom table (19,9) of 2.42 at a 5 per cent level, and the significance level was 0.03, which is less than 0.05, which is a predetermined error in social sciences, indicating the suitability of the statistical model used. The table also indicates that the value of the regression coefficient (which measures the impact of governance reporting and public disclosures of sustainability) is 2.882, with a significant level of 0.515, which is greater than 0.05, meaning that it is not statistically significant. Public disclosures of sustainability have no significant statistical impact on the economic decisions of Iraqi investors.

Table 10: Results of sub-hypothesis 4

Model	R	R ²	Adjusted R ²	Std. error of the estimate	Durbin-Watson	
Model	R	R ²	Adjusted R ²	Std. error of the estimate	Durbin-Watson	
1	.753 ^a	.567	.362	.720563	1.660	
Model	Sum of squares		df	Mean square	F	Sig.
1	Regression	12.926	9	1.436	2.766	.030 ^a
	Residual	9.865	19	.519		
	Total	22.791	28			
		Unstandardised coefficients		Standardised coefficients		
		B	Std. Error	Beta	t	Sig.
	(Constant)	10.027	2.348		4.270	.000
	Governance and public	-2.882	4.340	-.130	-.664	.515
	Size	.084	.283	.061	.298	.769
	Leverage	.479	.346	.493	1.386	.182
	Age	-.003	.001	-.545	-2.535	.020
	Return on equity	-.344	.816	-.157	-.422	.678
	Return on assets	.001	.014	.011	.060	.953
	Market return	-.526	.489	-.196	-1.075	.296
	Earnings per share	.419	1.100	.112	.381	.708
	Market to book value	-.157	.074	-.363	-2.122	.047

Regarding the effect of the control variables included in the regression equation model, almost none of them had a statistically significant effect on the market returns of the stocks since their level of significance was much greater than the predetermined level of significance of 0.05. The exceptions were the variables age of the company and ratio of market value to book value, where their impact was statistically significant.

Conclusion and Discussion

This research aimed to study the impact of the report on sustainability according to the GRI index in the economic decisions of investors by applying it in the local Iraqi environment, specifically in the two most important companies in Iraq, in the commercial banking sector and the industrial sector listed on the Iraq Stock Exchange. The research used the inductive method to collect the data of sample banks based on the financial reports of the banks, as

well as the circulation bulletins issued by the Iraqi Stock Exchange. Tests of linear interference between independent variables, as well as multiple linear regression were used for analysis. The test results show that sustainability reporting did not affect the economic decisions of Iraqi investors, but the results did show a very significant reduction in the rates of sustainability reporting in Iraqi companies. As for the banking sector, the overall sustainability reporting rate was 4.8 per cent, and the detailed level of reporting the sustainability axes was according to the GRI indicators. On governance and public reporting, the rate was 13.3 per cent. For the industrial sector, the average sustainability reporting rate was 8.8 per cent, and the detailed level of reporting the sustainability axes was according to GRI indicators. On governance and public reporting the rate was 16.9 per cent.

Despite the significant decline in the rates of reporting on sustainability in Iraq, reporting in the industrial sector was better than in the banking sector. The reason for the non-impact of reporting on sustainability in the economic decisions of investors is that Iraqi investors do not rely heavily on the information reported in the financial reports, so it has not affected their decisions. This applies not only to poor reporting on sustainability, but also to the majority of important accounting information used as control variables in this study (such as the size of the company, leverage, rate of return on assets, rate of return on equity, market return per share, earnings per share, ratio of market value to book value per share); this is due to the modernity of this market and its dealers and is also affected by the economic decisions of investors related largely to the economic, security and political conditions experienced by the country.

This study is important for those concerned with the organisation of the profession of accounting in Iraq. There is a need to adopt GRI standards for reporting sustainability, adapted to be commensurate with the Iraqi environment and the obligation of local companies to report in their financial reports, as it is important for both investors and companies to be educated and aware of the importance of benefiting from reporting sustainability.

This study was characterised by being the first at the level of applied studies in Iraq to demonstrate the extent of benefiting from reporting on sustainability in various fields, as the researchers did not find previous research in this field published in the international literature. The researchers view it as necessary to conduct more studies on the impact of sustainability reporting in environments other than Iraq, as well as on other sectors in the local environment.

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